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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 005378

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TAGS: <u>PGOV PREL PARM ETRD AF IR RS</u>

SUBJECT: MFA: "NON-CONFRONTATION" WILL GUIDE IRAN STRATEGY

REF: MOSCOW 5218

Classified By: Ambassador William J. Burns for reasons 1.4 (b/d).

¶1. (C) Summary: MFA Deputy Director for Iran and Afghanistan Ali Mustafabeli told us that the MFA has yet to hear from Tehran after Ahmadenijad assured FM Lavrov on October 30 that he would think about the P5 1 proposal to halt uranium enrichment. Mustafabeli predicted that the November IAEA report on Iran would be "fair," but was resigned to a another UNSC resolution. The MFA official stressed that Russia will insist on a resolution that will be guided by "stability (in Iran) and non-confrontation". Mustafabeli posited that the removal of Ali Larajani as Iran's chief nuclear negotiator was meant to placate hardliners but had not hardened Iran's position on its nuclear program. He downplayed the importance of Iranian Foreign Minister Mottaki's upcoming trip to Moscow for a meeting of the bilateral intergovernmental commission, which would focus on enhancing currently limited Russian-Iranian economic ties, with arms sales representing a small "niche." Finally, Mustafabeli said the GOR had no evidence Iran assisted the Taliban, but did not rule out Iranian efforts to stay on good terms with the Taliban should they come to power in Afghanistan. summary.

FM Lavrov's October 30 Trip to Iran

12. (C) On November 7, Iran expert and MFA Deputy Director for Iran and Afghanistan Ali Mustafabeli told us FM Lavrov's October 30 trip to Tehran failed to convince the Iranians to accept the P5 1 proposal for Iran to halt enrichment of uranium in return for a freeze on new sanctions, although President Ahmadenijad agreed "after a heated debate with Lavrov" to continue to consider the proposal. Lavrov made clear to the Iranian leadership that progress on this matter could lead the U.S. and EU to discuss other problematic issues with Iran, which held out the potential for a more normal relationship. Iranian Desk Chief Maxim Baranov told us separately that President Putin decided to send Lavrov to Tehran to continue the dialogue begun during Putin's October 16 Tehran visit when Supreme Leader Khameni sent an "important signal" indicating that he would consider the "freeze-freeze" proposal. Baranov reiterated previous Russian assurances that despite press reports, the GOR had not offered anything new to Tehran and stayed on track with the P5 1 message.

IAEA and UNSC

13. (C) Mustafabeli predicted that in the November report on Iranian adherence to the IAEA Work Plan, Director General El-Baradei would give a "fair and balanced" assessment of the level of Iranian cooperation thus far. However, Mustafabeli

acknowledged that El-Baradei would still have to address Iranian failure to comply with the UNSC requirement to halt enrichment of uranium, which Mustafabeli said would "force" the UNSC to take action.

¶4. (C) Mustafabeli stressed that although another resolution against Iran was inevitable, each UNSC member would "protect its national interests" -- "stability and non-confrontation" will continue to serve as the guiding principles for Russia. Mustafabeli said Russia prefers "patience" over "aggressive" measures and predicted divisions among the P5. Mustafabeli added that he observed a "hardening" of the Chinese position on Iran and believed the Chinese government would look after its economic and energy interests before isolating the Iranian regime. He speculated that President Bush's public embrace of the Dali Lama negatively impacted China's willingness to compromise on Iran at the UNSC.

Larajani's Removal

- 15. (C) Mustafabeli asserted that the replacement of Ali Larajani by Saeed Jalili as Iran's chief nuclear negotiator was driven by Iranian domestic politics and had not significantly impacted Iran's position on its nuclear program. He believed Jalili, who is close to President Ahmadenijad, was named to the post in order to placate hardliners who demanded a response to the U.S. announcement of new sanctions on Iran.
- 16. Mustafabeli criticized the U.S. use of unilateral sanctions and warned that the U.S. needed to "slow down" its confrontational approach to Iran, which only helped hardliners in an already precarious domestic political

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situation. Iran Desk Chief Baranov told us he believed Jalili would serve as Ahmadenijad's conduit just as Larajani had for the Supreme Leader, thereby giving each a direct channel to nuclear negotiations. Both Mustafabeli and Baranov pointed to the recent negotiations between Iran and the EU, during which Larajani "played the major role," as evidence that Jalili's new post did not mean a hardening of the Iranian position.

Iranian FM to Moscow

- 17. (C) Mustafabeli downplayed Iranian FM Mottaki's upcoming visit to Moscow that would focus on bilateral economic issues. Mottaki is co-chair of the Russia-Iran Joint Economic Cooperation Commission, which holds its seventh annual meeting in Moscow in late November or early December (reftel). Mustafabeli told us the two sides would sign agreements to encourage investment and promote tourism, discuss establishing a transit corridor from the Caucuses into Iran and a future agreement on trade and economic cooperation.
- 18. Mustafabeli stressed that Russian economic interests in Iran were not as developed as commonly believed. He said Russia had contracts to complete the Busher nuclear power plant and provide Iran with five civilian aircraft, but little else. He acknowledged that arms sales to Iran continued, but noted repeatedly that the volume was "not significant" and that Russia was simply filling an unoccupied niche in the Iranian economy. Mustafabeli added that despite the current low level of Russian economic activity in Iran, it must be remembered that Russia will always have at least a small part of the Iranian economy. He maintained, however, that economic interests did not drive the GOR approach to dealing with Iran.

Iranian Support for the Taliban

¶9. (C) Mustafabeli said the GOR had no information regarding Iranian support for the Taliban and asked that we share what we knew. He cited the Karzai government's good relations with Iran as evidence to the contrary, but conceded that the Iranians are a "complicated people" who have their "hands in many things." Mustafabeli could not rule out the possibility that Iranian assistance to some elements of the Taliban is an attempt to stay on good terms with the warring parties in the event the Taliban returned to power (even in a coalition government) in Afghanistan.

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